



Office of the Attorney General

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Rate Day
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Today's Presentation

Today we will concentrate on our general legal service divisions and on how we bill for legal service.

1) AGO Services Overview

- For the General Public
- For State Agencies

2) Torts Division

3) Legal Service Divisions

4) Billing

AGO Services

Services for the General Public

Funded from General Fund-State or non-fee based source

- Consumer Protection Division
- Antitrust Division
- Criminal Litigation Unit
- Homicide Investigation Tracking System (HITS)
- Medicaid Fraud Unit

Funded from Legal Services Revolving Fund

- Public Council Unit
- Executive Ethics Board Support

AGO Services

Services for State Agencies

- Legal Defense in Tort Actions – TORTS
- Client Legal Advice and Representation -- LEGAL SERVICE

Tort Division Funding

- Beginning with the 1999-01 Biennium legal defense costs became part of the state self-insurance risk management program
- Tort activity is funded through interagency reimbursement by OFM Risk Management (Liability Account).
- Changes to legal defense costs in the current biennium affect your premium in the ensuing biennium.
- We keep tort utilization data by case and do a crosswalk from case number to OFM Risk Management claim number.
- The University of Washington is the exception to this process. The UOW maintains its own risk pool.

Legal Services Overview

- We operate from the Legal Services Revolving Fund, an appropriated internal service fund.
- The Legal Services Revolving Fund represents 90.6 percent of our budget.
- The AGO provides client advice and representation to 240 state agencies, boards , commissions, colleges and universities, and some local governments.
- We regularly provide service to 190 entities.
- We have 36 division locations.
- We are required by statute to bill actual costs. Actual costs are defined as actual utilization times the billing rate.

Your Legal Services Bill

How it's calculated

FTE Utilization

X

Billing Rate

+

Direct Costs

=

Monthly Bill

FTE Utilization

- Utilization information is collected by the AGO Timekeeping System.
- We collect utilization data for attorneys, paralegals, and investigators.
- We collect hours worked.
- Hours worked are converted to FTE. This conversion to FTE is made so that we do not over bill clients when billable employees work more than the normal work month.
- You can receive service from more than one division.

Utilization Data

- Utilization data is collected in reporting categories that are unique to each client.
- The categories can be designed to give the client the information necessary to charge legal service costs to their appropriate units.
- If you wish to change your reporting categories, please contact your AGO division chief.

Billing Rate

- An attorney billing rate is calculated for each division location.
- Single state wide billing rates are established for paralegals (\$7,000) and investigators (\$8,700).

Billing Rates Set Each Biennium

- Rates are limited by the AGO Legal Services Revolving Fund appropriation and client agency appropriations.
- Rates are reviewed by OFM
- Rates are reviewed monthly and modified when necessary.
- Factors used in calculating rates include AGO division budget level, client budget level, forecasted client workload, and historic utilization data.
- Rates include direct salaries and benefits, division support (rent, support staff, supplies, etc.) and administrative overhead. Excluded are litigation related direct costs.

Direct Costs

- Direct costs are usually case related costs and include the following:
 - Outside Counsel
 - Expert Witnesses
 - Travel for a specific case or client
 - Special Court Exhibits
 - Copies of Records
 - Filing and other court fees
 - Court Reporters
- Direct costs are added to the bill as a lump sum.

Monthly Bill

■ Invoice

- Current biennium allocation
- Current month activity
- Biennium to date activity
- Balance of allocation

■ Back-Up

- Utilization by employee type and client category
- Rates and costs
- Lump sum of direct costs

■ Sent to your agency's designee

2005-07 Legal Service Costs

What can agencies expect?

- Most agencies should expect current service level plus OFM projected inflation. (carry-forward plus maintenance)
- Carry forward costs of any legislative actions.
- Any add items proposed by the AGO will be discussed and agreed to with the client prior to budget submission.
- *OFM adjusts client budgets for any budget changes.*

How to Reduce Legal Service Costs

- Develop a “who calls the lawyers” process
- Screen current legal work for work that your agency can do.
- Examine your bill for utilization blips and resolve the cause quickly
- Don’t get sued (easier said than done) (examine your risk management efforts)
- Talk to your AGO division chief for other ideas.

Questions?

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